

Memorandum



TO: Planning & Economic Development Committee
FROM: Nikki Reid, Real Estate Manager
DATE: July 15, 2009
SUBJECT: Telecommunications Lease with US Cellular

Summary Statement:

- The consideration of the City Council Planning and Economic Development Committee to recommend approval of a proposed lease of City owned property at White Fawn by North Carolina RSA #4, Inc. (dba US Cellular).

Policy Framework:

- On August 20, 2008, PED reviewed the results of telecom pricing research as performed by Economic Development, examining the telecom pricing rates seen in cities across NC. Findings indicated that \$30,000 per year represents the annual rates charged to cellular carriers.

Background:

- US Cellular is a current tenant at the White Fawn site, Upper Tower, via a 30 year lease signed April 1987, with additional amendment #1 approved 1997 and amendment #2 approved 2002.
- US Cellular operates a main telephone switching office out of this site, currently housed in a 2476 square foot building, with several antenna and dishes on the tower.

Terms of Lease Proposal:

- Requesting a 10 year lease
- US Cell will perform an expansion to the current building, for a total building footprint of 4953 square feet
- Payment schedule is \$34,200 per annum with 4% annual escalations and includes the following in-kind service: turn-key climate controlled telco room (240 sq ft) to house the City's public safety equipment, with US Cell to pay associated electric and generator costs.
- No additional telecom equipment added to tower.

Additional notes:

- City staff and US Cell reps met with the adjacent neighbors to discuss the expansion. At that time, neighbors were satisfied with the expansion and had no issues.
- One step further toward relocating City owned public safety equipment from Spivey Mtn., privately held tower, to White Fawn.
- Future land use at White Fawn includes the Sister Cities Park. APRCA has reviewed and approved the expansion and lease concept.

Recommendation: Staff recommends to the PED Committee to recommend approval of this lease to City Council.